

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**DIVISION OF COMMUNITY AFFAIRS**

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**CDBG****Community Development Block Grant Program****MANAGEMENT MEMORANDUM****Memorandum Number 02-22****TO: All Eligible Jurisdictions and Interested Parties****DATE: November 25, 2002**

SUBJECT: 1) Q and A from 2002 CDBG Conference – Microenterprise Session
2) Eligibility of fees charged in association with Economic Development Activities

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- 1.) Attached to this memo are the Questions and Answers from the Microenterprise session of the 2002 CDBG Conference in South Lake Tahoe.

IMPORTANT MESSAGE!!!

- 2.) It has come to the Program's attention that some jurisdictions have been charging fees for processing applications, originating loans and other activities for which the program makes Activity Delivery dollars available. The amount of the funds collected must be used to offset the Activity Delivery dollars approved in the Standard Agreement.

Example: In a \$500,000 grant for Business Assistance, the Standard Agreement provides for \$37, 500 in General Administration, \$46, 250 in Activity Delivery and \$416, 250 for loans to businesses. The jurisdiction then collects a fee of \$250 to apply for a loan and 1% of the loan amount to originate a loan (on a \$20,000 loan - \$200) the jurisdiction must deduct the \$450 collected from the borrower from the \$46, 250 in Activity Delivery provided by the CDBG program.

If you have any further questions please contact your CDBG Program Representative or the Program Secretary at (916) 263-0485.